

Leave fracking rules to states -- Anadarko CEO

Roberta Rampton, Reuters, 5-11-11

WASHINGTON - The federal government should stay out of regulating hydraulic fracturing, leaving water protection up to state regulators more in tune with local conditions, the chief executive of Anadarko Petroleum Corp said on Tuesday.

States already have regulatory staff who are more familiar with local geology and more responsive to local issues, said Jim Hackett, whose company has been a leader in using the technique, better known as "fracking," for natural gas development.

Drillers blast water, sand and chemicals into shale rock to release natural gas, unlocking reserves large enough to supply the United States for 100 years, but environmental groups have complained fracking can contaminate water.

State regulators "have the customized knowledge of the geology, and it's very important to have that expertise," Hackett told Reuters on the sidelines of a nuclear industry conference.

"My experience is that the less the federal government has to worry about, the better off the nation is. I kind of like them focused on national defense and a few other really critical things," he said.

ADMINISTRATION, LAWMAKERS EYE FRACKING

States are responsible for water regulations, but the U.S. Environment Protection Agency is studying fracking, and has said it could crack down on operators found to be using diesel in their fracking fluids.

Democratic lawmakers want broader federal powers over the industry, and Energy Secretary Steven Chu last week named a panel of academics and environmentalist to identify ways to improve fracking safety after a series of high-profile spills.

Hackett said he is not opposed to federal government studies of fracking, and said Chu's new panel includes "some good people" although he noted it lacks an industry participant.

Anadarko is part of an industry group that is voluntarily disclosing what is used in fracking fluids in response to public concerns.

"I think as long as we can assure the nation that there's disclosure and that best practices are being used -- and those who aren't using them are effectively punished -- that's what is really the issue," he said.

"It's not like there's a lack of regulations on water," he said.

NATGAS KEY TO ENERGY FUTURE

Hackett, who said he drives a natural-gas powered vehicle that costs \$2 per gallon to fill, applauded President Barack Obama for seeing natural gas development as key to U.S. energy policy.

But Obama's push to repeal tax breaks for oil companies is "a mistake" and would make U.S. producers less competitive, he said.

Democratic senators introduced a bill on Tuesday to end breaks for the five biggest oil companies as gas prices hover just under \$4 per gallon.

It's unlikely to pass, but Hackett said lawmakers shouldn't bluster about the issue casually.

"Strange things happen in politics," he said. "I think we should be encouraging more domestic (production), get off foreign" supplies.